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DRAFT  
OGC/JSW:mks  
21 May 1956

**\*OGC Has Reviewed\***

Paragraph to be inserted in the paper [REDACTED] 25X1A6A

1. An attempt was made by the Agency to resolve the problem of [REDACTED] in the initial draft of the proposed legislation forwarded to the Bureau of the Budget earlier this year. In effect that version of the Bill would have permitted the Agency to treat all territories, including [REDACTED] as foreign areas for the purposes of allowances and other benefits. The Bureau of the Budget on an informal basis indicated vigorous objection to such treatment and argued that probably it would not receive favorable action in the Congress. The Career Council upon being informed of this opposition agreed that the Agency should not press the matter and the proposal has been dropped from the Bill.

(a) As a result of a special White House Committee under Mr. Philip Young as the President's Personnel Adviser, there was introduced in February of 1955 a Bill entitled "Overseas Allowances Act of 1955". The purpose of the study group and the Bill was to establish government-wide allowances on a more equitable basis. In that Bill which had the administration's approval, the trust territories, specifically including [REDACTED], were established for allowance purposes as a foreign area. Although this Bill has not received any favorable action it is still in the House Committee on Post Office and Civil Service and does give an indication of administration thinking with respect to [REDACTED]

SECRET

(b) The Agency did consider the possibility of seeking relief  
solely for <sup>25X1A6A</sup> [REDACTED] in view of the administration's position on the Overseas  
Allowances Act. However, it was determined that for security reasons  
it would be extremely difficult to pinpoint <sup>25X1A6A</sup> [REDACTED] legislatively without  
compromise to security.